GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:2941
ANSWERED ON:21.03.2002
RETURNS FROM RAILWAY INVESTMENTS
RAMSHETH THAKUR

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Planning Commission has expressed serious concern over the returns from railway investment;

(b) if so, the reaction of his Ministry in this regard;

(c) the suggestions made by the Planning Commission to make the Railway profitable; and

(d) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY C RAILWAYS (SHRI O. RAJAGOPAL)

(a)&(b) : Some of the Railway projects have not been supported bythe Planning Commission because the financial returnson such projects are expected to be either low or negative. While Railways keep in view the aspect of financial returns from investments on projects, some of the financially unremunerative projects are taken up on considerations of social desirability or of operational convenience.

Planning Commission have also expressed concern over the large shelf of Railway projects resulting in a thin spread of resources and leading to cost and time overruns in project execution, adversely affecting the returns from investments. They have suggested that the projects should be prioritised for more productive use of resources. Railways have prioritised the ongoing shelf of projects on the basis of their physical progress and their operational importance.

(c): Some of the strategies recommended by the Planning Commission for the Railways are as follows:-

(i) Capacity augmentation on the High Density corridors, particularly the Golden Quadrilateral;

(ii) Rationalisation of tariff to reduce cross subsidization;

(iii) Decreasing the speed differential between trains by raising the speed of freight trains to 100 KMPH;

(iv) Setting up ICDs to facilitate intermodal transport;

(v) Creation of warehousing facilities;

(vi) Indexing Railway fare and freight to increase in costs;

(vii) Phase out subsidies;

(viii)Harnessing private sector participation in Railway projects; and

(ix) Restructuring Railways to focus on its core business i.e. running of transport services on commercial lines, while spinning off non-core/peripheral activities into independent cost and profit centers.

(d): Some of the steps taken by the Railways in this regard are as follows:-

(i) Railways are formulating a comprehensive plan for augmenting capacity on the high density corridors on the Golden Quadrilateral;

(ii) Steps have been initiated to rationalise fare and freight to some extent. Railways will eadeavour to further rationalise the fare and freight to reduce the incidence of cross subsidy;

(iii) Steps have been initiated to reduce speed differentials between trains by raising the speed of some freight trains to 100 KMPH;

(iv) CONCORis being given the required support to facilitate intermodal transport. Pipavav Rail Corporation Ltd. has also been recently permitted to enter into container transport business.

(v) In order to augment the resource base, not only participation of private parties in Railway projects is being explored but also financial participation by the State Governments in Railway projects is also being encouraged;

(vi) For handling the non-core activities like catering etc., Railways have formed a separate Indian Railway Catering and Tourism Corporation.